

Purpose

The purpose of this policy is to standardize agency use of all purchasing/payment document types for all transactions processed for payment including year-end processing and adopt best practice methodology. This policy does not apply to any reduction/return of revenue such as refunds. State agencies must have internal policies in place for budgetary, financial, and procurement controls and are responsible for maintaining those controls.

Statewide Carry Forward Appropriations

The purpose of the “Statewide Carry Forward Appropriations” and the “Carry Forward Documents” sections are to remind agencies that purchase order (PO) documents must be closed prior to the 10% carry forward calculation.

Part 1B of the Annual Appropriations Act contains a proviso that authorizes agencies to carryforward a percentage up to 10% of the unspent original recurring General Fund appropriations to the next fiscal year. This proviso may be suspended to avoid a fiscal year-end general fund deficit.

The Comptroller General’s Office (CGO) and the State Budget Office will determine each agency's carryforward amount and record the necessary entries.

Carry Forward Documents

Certain types of documents can be carried forward in SCEIS including all purchase orders and purchase requisitions (inventory only). Only a few employees in each agency are given the ZFMJ2 transaction necessary to carry forward documents each year during a specified period. Agencies are expected to manage their purchasing documents at year end within timelines and guidelines presented by CGO and SCEIS, including carryforward of purchase orders and purchase requisitions.

All POs must be carried forward or closed five (5) business days after cut-off as stated in the Part 1B of the Annual Appropriations Act.

Purchase Orders

A purchase order is the preferred procurement instrument when a government unit orders supplies or services from a vendor. A purchase order should be used when purchasing from a statewide contract or agency contract. The use of a purchase order is necessary for agency and Materials Management Office (MMO) reporting needs to analyze spend on contract items and on the purchase of items that warrant a contract. This analysis is essential for efficient purchasing with public funds.

All purchase orders should include the standard purchase order clauses found in SCEIS “Document Builder” unless the item(s) will be purchased from a solicited contract or the purchase order is being created from a solicitation. The standard clauses set forth the contractual obligations of a vendor.

In SCEIS, purchase orders are divided into one of four main categories: Standard, Blanket, Framework, and Inventory. Use of proper purchasing documents may impact whether a payment

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June 11, 2013

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transaction is accepted or rejected by the Accounts Payable Unit of the Comptroller General's Office.

The following charts describe characteristics of each of the four main categories of purchase orders and the intended use of each category.

Standard Purchase Order Document Types

A Standard PO is an order that sets forth the product or service description, quantity, unit of measure (UOM), price, discount, payment terms, date of performance or shipment, and other associated terms and conditions which becomes a legally binding contract once the supplier accepts the PO. The SCEIS system defaults to the Standard PO since this PO Document Type complies with the standard SAP PO format (product or service description, UOM, price x quantity = net price, payment terms, date of performance or shipment, and any conditions that apply).

The Standard PO in SCEIS is intended primarily for one-time separate purchases as there are no fields for a start and end date. However, a Standard PO can also be used for a duration of time when the price, quantity, and final delivery are known. (Refer to example in State Standard PO chart below.)

SCEIS system characteristics of a Standard PO:

- Standard SAP PO format and data fields
- Known and fixed quantity, price, and item
- Requires a Goods Receipt and standard 3-way match (PO, Goods Receipt (GR), Invoice must agree within tolerance which is lesser of 5% per line item or \$50
- No fixed duration (Start/End date)
- Provides reporting on PO data fields, including quantity purchased

Edits/Controls in SCEIS for Standard POs

1. Goods receipt required
2. 3-way match

The following are the Standard PO document types found in SCEIS and their intended use.

Standard Document Types	Standard PO Document Type Titles	Standard PO Uses and SC Consolidated Procurement Code & Regulations Reference
ZAUC	Auction PO	This PO type shall be used when an agency participates in an auction or sale of supplies from bankruptcy in accordance with SC Consolidated Procurement Code §11-35-1575. Use of this document type allows ease of reporting on auction purchases.
ZCAP	Capital Lease PO (Real Property Leases Only)	This PO type shall be used by an agency for leasing of non-state owned real property in accordance with Code § 1-11-55 and Regulation 19-447.1000. Use of this document type allows ease of reporting on real property leases.

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ZCMS	Case Management PO	This PO type was created for and may be used ONLY by SC Vocational Rehabilitation through an interface.
ZEMR	Emergency PO	This PO type shall be used when an agency has declared an emergency purchase in accordance with SC Consolidated Procurement Code §11-35-1570 & Regulation 19-445.2110. Use of this document type allows ease of reporting on emergency purchases.
ZEXP	Exemption PO	This PO type shall be used for the purchase of goods or services granted by exemption from competitive bids in accordance with SC Consolidated Procurement Code §11-35-710. Use of this document type allows ease of reporting on exemption purchases.
ZOPE	Operating Lease PO	This PO type shall be used for the Lease, Lease/Payment, Installment Purchase, and Rental of Personal Property in accordance with Regulation 19-445.2152. Use of this document type allows ease of reporting on equipment leases.
ZSOL	Sole Source PO	This PO type shall be used when an agency has declared a vendor as the sole source provider of a good or service in accordance with SC Consolidated Procurement Code §11-35-1560 and Regulation 19-445.2105. Use of this document type allows ease of reporting on sole source procurements.
ZSTD	State Standard PO	This PO type shall be used for a one-time purchase of goods or services including a one time purchase from a contract (statewide or agency). A Standard PO can also be used for a duration of time when the price, quantity, and final delivery are known, including purchases from a contract. For example, if a delivery will be made each month for 12 months and the known cost will be \$100 each delivery, a Standard PO could be created with the end date ('required on' date in shopping cart) as 12 months from the date of the PO creation, 12 entered in the quantity field, and \$100.00 entered in the net price field for a total cost of \$1,200. Each month's goods receipt will be 1 and invoice payment will be \$100 until the 12 th receipt of \$100 closes the PO. A one time purchase occurs primarily in accordance with the SC Consolidated Procurement Code §11-35-1550 but does not exclude other source selections listed in the Code. Use of this

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		document type allows ease of reporting on commodity spend including those purchases linked to a contract.
ZUNA	Unauthorized PO	This PO type should be used in accordance with Regulation 19-445.2015 to track purchases that were made in violation of the SC Consolidated Procurement Code. Use of this document type allows ease of reporting on any procurements that were made without authorization and needed ratification.

Blanket Purchase Order Document Types

A blanket PO sets forth the product or service description, dates of performance or multiple delivery dates scheduled over a period of time (and sometimes at predetermined prices), and other associated terms and conditions which becomes a legally binding contract once the supplier accepts the PO. The blanket purchase order is not in standard SAP PO format and was developed to meet business requirements of the State of SC.

The intent of Blanket PO types is to provide the functionality to make multiple payments with a start and end date to accommodate the requirements of the Regulation 19-445.2100 B. (1) for the establishment of Blanket Purchase Agreement. Below is a brief excerpt from the regulation.

General. A blanket purchase agreement is a simplified method of filling repetitive needs for small quantities of miscellaneous supplies, services, or information technology by establishing "charge accounts" with qualified sources of supply. Blanket purchase agreements are designed to reduce administrative costs in accomplishing small purchases by eliminating the need for issuing individual purchase documents.

Note from the descriptions in the chart below that the Blanket Purchase Agreement and the Blanket PO are not the same.

SCEIS system characteristics of a Blanket PO:

- Non-standard SAP PO format requires "quantity" to be entered in "net price" field and "net price" to be entered in the "quantity" field
- Multiple payments can be made
- Net price must be \$1.00
- Unit of measure must be "EA"
- Unknown variables: item, price, and quantity could apply
- Requires a fixed duration date (Start/End Date)
- Price in quantity field can change with no regard to tolerance
- No reporting available on quantity purchased
- Reporting capability on total dollar value from quantity field
- Agencies have the option to require or not require a goods receipt in SCEIS, **but agencies are responsible for ensuring proper internal controls at their agency level.**

Edits/Controls in SCEIS for Blanket POs


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1. Hard-stop error message upon creation of blanket POs when entry is incorrect

 error

 For Blanket PO enter total value of line item in PO QUANTITY
and 1 in NET PRICE field

2. Hard-stop error message if invoice is entered incorrectly

 Information

 Blanket Orders require amount in both the amount
and quantity fields

3. 3-way match of PO, goods receipt, and invoice quantity when goods receipt is required
4. 2-way match of PO and invoice quantity when goods receipt is not required

The following are the Blanket PO document types found in SCEIS and their specific intended use.

Blanket Document Types	Blanket PO Document Type Titles	Blanket PO Uses and SC Procurement Code & Regulations Reference
ZBEM	Blanket Emergency PO	This PO type shall be used when an agency has declared an emergency purchase in accordance with SC Consolidated Procurement Code §11-35-1570 & Regulation 19-445.2110 if the emergency covers a duration of time and other characteristics of a Blanket PO are acceptable.
ZBEX	Blanket Exemption PO	This PO type shall be used for the purchase of goods or services granted by exemption from competitive bids in accordance with SC Consolidated Procurement Code §11-35-710 and if the exemption covers a duration of time and other characteristics of a Blanket PO are acceptable.
ZBLT	Blanket PO	This PO type shall be used when an agency needs to create a purchase order for duration of time and the quantity can be variable or fixed. An example of a variable quantity is: an agency creates a one-year lawn maintenance contract for a maximum of \$3,000 per year. The number of services calls during the year could vary depending on the weather. The Blanket PO net price should be set at \$1 and 3,000 entered in the quantity field. Payments can be made

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		against the Blanket PO as frequently as needed up to the maximum of \$3,000. An example of a fixed quantity is when an agency creates a one-year services contract for \$1,200 with services to be delivered at a rate of \$100 per month. The Blanket PO net price should be set at \$1 and 1,200 entered in the quantity field. Monthly payments of \$100 should be made against the Blanket PO for 12 months.
ZBPO	Blanket Agreement PO	This PO shall be used in accordance with Regulation 19-445.2100 B. for small miscellaneous repetitive purchases from a supplier during duration of time with an amount limit and authorized personnel and delivery data requirements. The exact item(s) to be purchased and the quantity(ies) and price(s) of item(s) are unknown at the time of the PO creation. An example is a purchase order to a local hardware store with the general term of “building repair supplies” to be provided as needed.
ZBSS	Blanket Sole Source PO	This PO shall be used in accordance with SC Consolidated Procurement Code §11-35-1560 and Regulation 19-445-2105 and when an agency has declared a vendor as the sole source provider of a good or service, requires a duration of time, and other characteristics of a Blanket PO are acceptable.

Framework Purchase Order Document Types

A standard or blanket purchase order is the preferred procurement instrument when an agency orders supplies or services from a vendor. However, at times when agencies, particularly those with client populations, require contracts in anticipation of services being required, but with insufficient knowledge available to predict when, where, or to what extent those contracts will be utilized, agencies can use a framework purchase order. Examples of limited circumstances where a framework PO may be used include: pools of providers of healthcare and social services for clients such as doctors, nurses, counselors, clinics, day care (for children and adults), treatment facilities and emergency room services. Improper use of the Framework PO by an agency may lead to limitation on an agency’s ability to use the Framework PO.

A framework PO is a standard SAP purchase order document type that provides functionality to procure goods and services over a period of time without encumbering funds. SCEIS system characteristics of a Framework PO include:

- Does NOT encumber funds
- Requires a valid start date and end date

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- Requires a 'not to exceed amount'
- Account assignment data is entered by AP when paying the invoice (cannot use multiple account assignments)

If an agency creates a Framework PO, it must show proof of approval in SCEIS. Approvals for Framework PO's may be accomplished and documented one of two ways:

- Create a shopping cart in SRM (goes through funds check)
- Go through the approval process in SCEIS
- Convert the shopping cart to a Framework PO

OR

- Secure approvals on a paper requisition
- Attach to Framework PO in SCEIS

If an agency creates a Framework PO, agencies must show proof of receipt of goods in one of two ways:

- Scan a copy of packing slip or purchase receipt

OR

- Scan copy of initialed/signed approved invoice

The following are the Framework PO document types found in SCEIS and their intended use.

Framework Document Types	Framework PO Document Type Title	Framework PO Uses and SC Consolidated Procurement Code & Regulations Reference
FO	Framework Order	This PO type can be used when an agency cannot encumber funds, but a PO is needed to give to the vendor to cover duration of time and PO limit amount. This PO type may be used in conjunction with a Funds Reservation if funds should be encumbered.
ZFEM	Framework Emergency	This PO type can be used when an agency declares an emergency in compliance with SC Consolidated Procurement Code §11-35-1570 and requires a duration of time and PO amount limit but cannot encumber funds. An example is that an emergency has been declared, the vendor needs a PO before delivering goods or services, the agency needs the PO open for a duration of time and has an amount limit but cannot encumber funds.
ZFEX	Framework Exemption	This PO type can be used for the purchase of goods or services granted by exemption from competitive bids in accordance with SC Consolidated Procurement Code §11-35-710 and the agency requires a duration of time and PO amount limit but cannot encumber funds.

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ZFOA	Framework Agreement	This PO can be used in accordance with Regulation 19-445.2100 B. for small miscellaneous repetitive purchases from a supplier during a duration of time with an amount limit and authorized personnel and delivery data requirements, but the agency cannot encumber funds.
ZFSS	Framework Sole Source	This PO can be used in accordance with SC Consolidated Procurement Code §11-35-1560 and Regulations 19-445-2105, when the sole source purchase requires a duration of time and PO amount limit but the agency cannot encumber funds.

Inventory Purchase Order Document Type

The inventory PO document type must be used to replenish stock for inventory. The inventory PO requires a material master number which is a unique identifier of the inventory material such as description, unit of measure, moving average price, and total inventory valuation. SCEIS system characteristics of an Inventory PO:

- Created from a requisition in ECC
- One level of approval on requisitions over \$2,500

The following is the inventory PO document type found in SCEIS.

Inventory Document Type	Inventory PO Document Type Title	Inventory PO Uses and SC Consolidated Procurement Code & Regulations Reference
ZINV	Inventory PO	This PO type must be used by an agency with inventory when purchasing items to be received into inventory. Inventory POs are used primarily in accordance with §11-35-1540 and §11-35-1550.

Direct Payments

The Direct Pay is a financial payment transaction and is used for a direct payment to a vendor for the purchase of certain goods and services in limited circumstances. The Direct Pay process should be used only when the purchase order method is not practicable because the use of Direct Pay limits reporting data necessary for spend analysis by the State and agency. **It should not be used as a matter of convenience as it leads to the reduction in controls and approvals.** The categories below serve as a guide for the use of the Direct Payment method. Goods or services not included in the categories below must be purchased via a purchase order. The improper use of the Direct Payments may lead to limitations on an agency's ability to use Direct Payments.

A Direct Pay is a payment method only. It does not establish compliance with the SC Consolidated Procurement Code & Regulations or other State regulations.

The expenditures for the purposes listed below may be paid by Direct Pay.

- Goods and services exempt from the SC Consolidated Procurement Code & Regulations
- Claims
- IRF expenses paid in compliance with the SC Consolidated Procurement Code & Regulations
- Expert witness services
- Court appointed attorneys, court reporters, and court ordered payments
- Fees to the services of attorneys approved by the Office of the Attorney General via a Form 1 or agencies where specific statutory authority is otherwise provided
- Fuel stipends paid to clients
- Honorariums & stipends
- Emergency maintenance (building and equipment)
- Multi-State disaster preparedness memorandums of agreement and resulting payments to other states
- Allocations/pass-through payments to SC political subdivisions (payments to state agencies are not included)
- Reimbursements/travel expenses paid to employees and board members
- Reimbursements of expenses paid to agency clients
- Conference/Training registrations
- Right of way payments
- Emergency (versus contracted) medical expenses for clients
- Inter-Departmental Transfers (IDT) processed via ZIDT
- Inter-Governmental expenditures paid by check
- P-Card statements
- Utilities (Electricity, gas, water, sewer, and telephone land lines. Cellular telephone services are not included)
- General obligations, capital improvement bond payments, and master lease payments
- Petty cash fund reimbursements
- Federal criminal background checks paid to external governmental agencies,
- One-time vendor payments to vendor IDs 99999 (Vendors not on vendor master file)
- Small one-time payments <\$250. Procurement requirements must not be artificially divided by governmental bodies so as to constitute a small purchase pursuant to this section.(Section 11-35-1550 of SC Consolidated Procurement Code)
- Late invoices after FYE cut-off
- Reimbursements paid to technical colleges by the State Board of Technical and Comprehensive Education (Direct Pays or framework POs)

FUNDS RESERVATIONS

A Funds Reservation is a budgeting tool to reserve budget and may be used to pay anything on the Direct Payment list. Funds reservations may also be used for pools of providers of healthcare and social services for clients such as doctors, nurses, counselors, clinics, day care (for children and adults), treatment facilities and emergency room services, where the agency wants to encumber funds. Funds Reservations may be used in lieu of a Framework PO or in conjunction with a Framework PO.

State Purchasing Card

The State of South Carolina Purchasing Card (P-Card) is a charge card designed to enable authorized State employees to make small value purchases less than \$2,500 of supplies, materials, equipment, and certain services authorized by the CGO for State business use. Currently, the P-Card Program (Program) uses a VISA© purchasing card issued by Bank of America (Bank) pursuant to a contract awarded to the Bank by the Materials Management Office (MMO), with assistance from the CGO. State Purchasing Card use must comply with the South Carolina Purchasing Card Policy and Procedures, which can be found at http://procurement.sc.gov/webfiles/MMO_spo/Contracts/ProCardRev.pdf. The purchasing card is a method of payment, not a method of procurement. Use of the P-Card for payment does not supersede or waive any requirements of the Consolidated Procurement Code & Regulations.

Enforcement

Upon implementation, compliance with this policy is required of all State agencies other than lump sum agencies. Expenditures not processed in accordance with this policy may be rejected by the CGO. Compliance with this policy shall be audited by the Office of the State Auditor and the MMO Office of Audit and Certification.